

TEXAS BUSINESS REVIEW

A Monthly Summary of Business and Economic Conditions in Texas and the Southwest
Bureau of Business Research, The University of Texas, Austin, Texas

Entered as second class matter on May 7, 1928, at the post office at Austin, Texas, under Act of August 24, 1912

Vol. X, No. 12

January 28, 1937

CONTENTS

	PAGE
<i>Business Review and Prospect</i> , F. A. Buechel.....	3
<i>Cotton</i> , A. B. Cox.....	5
<i>Financial</i> , J. C. Dolley.....	6
<i>Regional Types of Southern Economy</i> , Elmer H. Johnson.....	7

LIST OF CHARTS

Cattle on Farms in Texas, 1930.....	1
Indexes of Business Activity.....	4

LIST OF TABLES

Banking Statistics.....	15
Building Permits.....	13
Carload Movement of Poultry and Eggs.....	12
Charters.....	14
Commercial Failures.....	12
Commodity Prices.....	14
Consumption of Electric Power.....	12
Cotton Balance Sheet.....	15
Cotton Manufacturing.....	14
Credit Ratios of Retail Stores.....	13
Employment and Pay Rolls Classified by Cities and Employment Groups.....	16
Lumber.....	14
Petroleum.....	14
Postal Receipts.....	12
Retail Sales of Independent Stores.....	10, 11
Shipments of Livestock Converted to a Rail-Car Basis.....	15
Stock Prices.....	14

Partial List of Publications Issued by the Bureau of Business Research

	PRICE
<i>What Place Has the Advertising Agency in Market Research</i>	\$1.00
William J. Reilly	
<i>Methods for the Study of Retail Relationships</i>	1.00
William J. Reilly	
<i>A System of Accounting Procedure for Livestock Ranches</i>	1.50
Frederick W. Woodbridge	
<i>The Natural Regions of Texas</i>	1.00
Elmer H. Johnson	
<i>The Basis of the Commercial and Industrial Development of Texas</i>	2.00
Elmer H. Johnson	
<i>Eight Years of Livestock Shipments in Texas</i>	1.00
F. A. Buechel	
<i>Directory of Texas Manufacturers as of January 1, 1936</i>	1.00
F. A. Buechel and Clara H. Lewis	

Recent Mimeographed Studies

<i>Studies of Employment Problems in Texas</i>	1.00
A. B. Cox	
<i>Possibilities of Industrial Expansion in Texas</i>	1.00
Elmer H. Johnson	
<i>Dairy Manufacturing in Texas</i>	1.00
F. A. Buechel	
<i>Farm Cash Income in Texas, 1927-1936</i>	1.00
F. A. Buechel	

Business Review and Prospect

Industrial production and trade in the country at large have continued during the past month the strong upward sweep which has prevailed almost without interruption since early in the summer of 1935. The general index of industrial production of the United States Department of Commerce is now about 15 per cent above that of the 1923-25 base period. But this base does not take into account the increase in population and other developments which have occurred during the past twelve years. When the index is based upon the trend of per capita production and trade over the period from 1899 to 1931 (the trend is taken as 100, or "normal"), the index thus taking into account population growth and other factors, as is done in *Barron's* new index, it is found that industry and trade are still only about 88, or 12 points below normal. Although business recovery has been marked, further improvement of about 25 per cent from present levels is, therefore, required for per capita production in industry and trade to reach the levels attained from 1925 to 1929, during which period *Barron's* index averaged about 110.

Building construction, both commercial and residential, still lags far behind most other major industries. It is still only about 50 per cent of the 1923-25 level, although the population has increased more than 17 per cent since that time. During the three years 1932-35 building was equal to only about one-fourth that of ten years earlier. Progress during 1936 did not come up to expectations earlier in the year, and during the fall months residential construction declined more than the usual seasonal amount. Should building costs rise more rapidly than income during the coming year, the progress of construction, especially residential, may again prove disappointing in spite of the earnest efforts being made by both public and private agencies to promote it.

Texas Business

Business in Texas during December rose substantially from the preceding month. The composite business index, adjusted for seasonal variation, rose from 92.2 in November to 94.5 the following month, indicating a level of business activity in this State closely approaching that of 1930. The index for December 1935 was 82.2, the gain over a year ago, therefore, approximating 13.7 per cent.

Of the five components entering into the business index the greatest gain was in department store sales, for which the index, adjusted for seasonal variation, rose from 90.9 to 99.7. There was a gain of nearly two points in the index of employment and more than two points in the index of pay rolls, while car loadings gained nearly 3.5 points. The index of crude oil runs to stills remained about the same, while electric power consumption declined more than one point.

Index of Farm Cash Income

There was a sharp decline in farm cash income in Texas during December in comparison with the corresponding month the year before and a moderate decline

from the preceding month. After adjustment for seasonal variation the index for December is 83.0, compared with 89.7 for the preceding month and 118.9 for December 1935. (The base is the average monthly cash income during the period 1928-32.)

District Indexes of Farm Cash Income

Although farm income during December dropped sharply from the preceding year for the State as a whole, marked gains were registered by a number of districts. This situation is brought out clearly in the following table:

District	Index of Agricultural Cash Income		
	December 1936	December 1935	November 1936
1-N	92.7	75.5	96.1
1-S	92.6	136.1	125.8
2	32.5	136.2	61.9
3	124.4	180.0	104.1
4	74.2	126.5	94.6
5	79.6	146.5	56.5
6	129.8	76.9	75.4
7	94.3	123.3	140.3
8	107.0	82.4	83.3
9	111.2	98.4	97.7
10	157.3	106.3	164.8
State	83.0	118.9	89.7

NOTE: See map, page 11, showing the crop reporting districts.

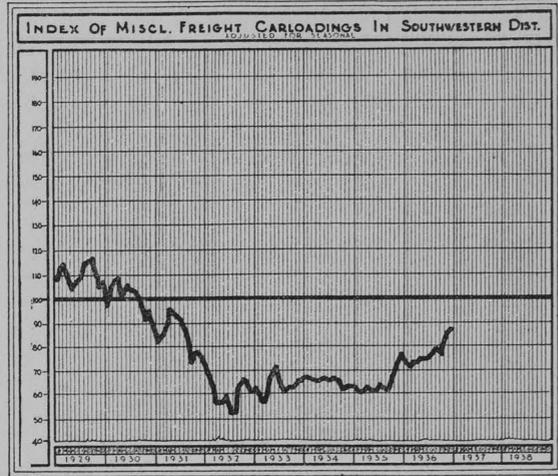
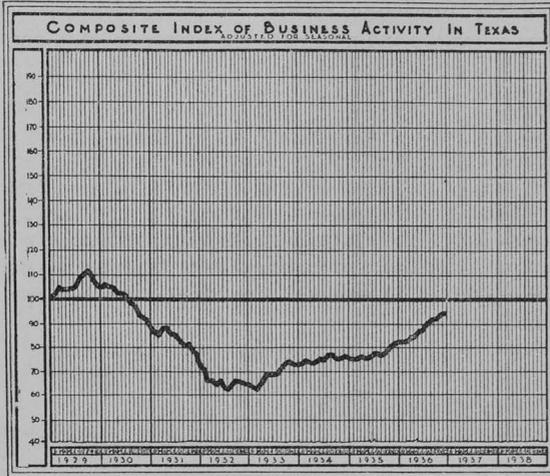
Substantial improvement will be noted in district 1-N, where the cash income increased nearly 23 per cent over December 1935. This favorable showing was the result of sharp increases in shipments of cattle, hogs, and sheep. Just to the south, in district 1-S, conditions were the reverse. In this district the farm income dropped more than 30 per cent. Although there was an increase in the income from livestock in this district, also, it was more than offset by the sharp drop in returns from cotton. The cotton crop in this district, although larger than that of the preceding year, was marketed earlier in the season during 1936 than the year before; and this fact was reflected in a relatively large cash income in October and November.

The most radical drop in farm cash income in comparison with the preceding year occurred in district 2, where the decline amounted to 76 per cent. The December income from cotton alone in this district was \$5,000,000 less than in the corresponding month of 1935. Although there was some increase in returns from cattle and hogs, the additional income from these sources did not go far toward offsetting the huge decline in income from cotton.

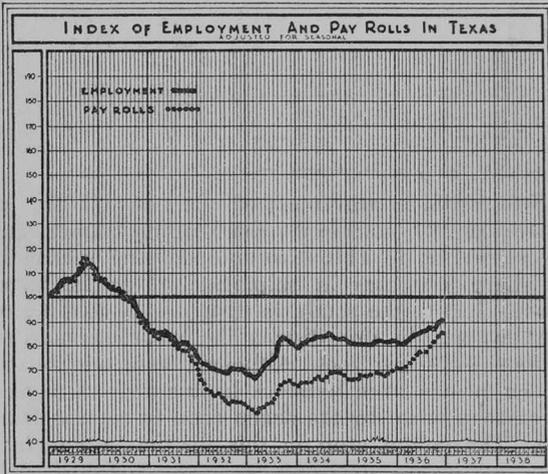
Although adjacent to districts 2 and 4, district 3 differs sharply from these two regions in physical characteristics and, consequently, in agricultural production. In comparison with the year before, there was a decline in income from cotton in this district, also, during December; but since livestock is relatively more important here, a larger proportion of the cotton losses was cancelled by the increase in income from livestock. Still, the income in district 3 was 31 per cent less than in

(Continued on page 5)

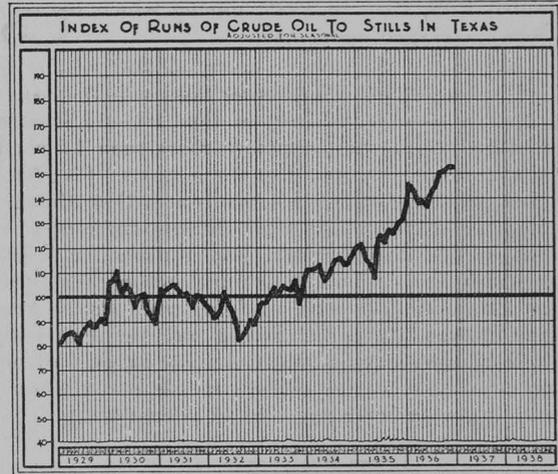
INDEXES OF BUSINESS ACTIVITY IN TEXAS



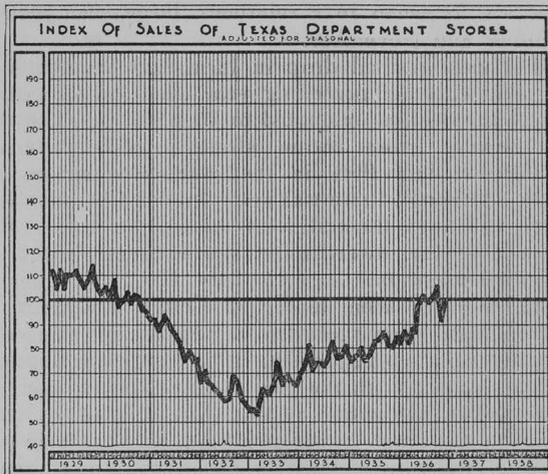
WEIGHT IN COMPOSITE INDEX = 20%



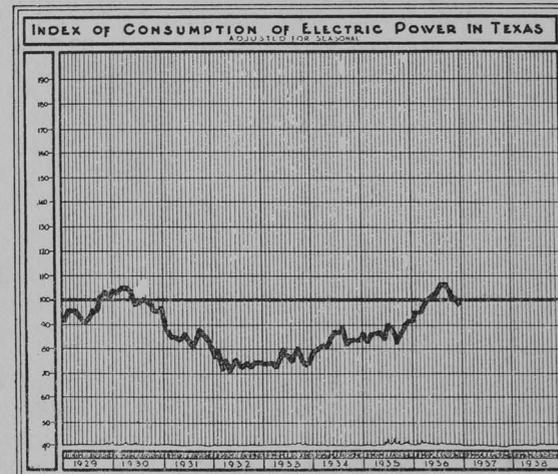
WEIGHT IN COMPOSITE INDEX
EMPLOYMENT = 32% PAY ROLLS = 25%



WEIGHT IN COMPOSITE INDEX = 5%



WEIGHT IN COMPOSITE INDEX = 10%



WEIGHT IN COMPOSITE INDEX = 15%

AVERAGE MONTH OF 1930 = 100%

(Continued from page 3)

December 1935. In district 4, the premier cotton district of the State, the drop in income was 41 per cent; and in district 5, another important cotton district, the decline was 45 per cent. In each case the earlier maturity and marketings of cotton in 1936 were responsible for the sharp drop in the income from this commodity in December, the loss in income in that month having been fully offset by a larger relative income from this source in the preceding months.

The 69 per cent increase in income in district 6 can all be attributed to livestock, and the 30 per cent increase in district 8, to the same source. On the contrary, the decline in income of 24 per cent in district 7 may probably be explained by the fact that range and feed conditions in this region are exceptionally good, and livestock in this district are being marketed less rapidly. It is believed that the number of animals on the farms

and ranches in district 7 is very large. With the growing strength in livestock prices and prospective later increases in marketings, a substantial rise in income in this district is expected.

Increases in income occurred also in districts 9 and 10. In the former district the rise was moderate, only 14 per cent, and was caused by the greater returns from rice and milk products. In the latter district the increase was sharp, almost 50 per cent, and resulted mainly from the greater income derived from fruits and vegetables, both fresh and canned. A large proportion of citrus remains to be marketed, and should the early reports of serious frost damage to citrus in California be confirmed, the increase in income from this source in the Lower Rio Grande Valley may become even more pronounced during the next two months. The production of citrus fruit in the Valley during the present season is by far the largest in its history.

F. A. BUECHEL.

For Other Texas Data, See Statistical Tables at the End of This Publication

Cotton

Cotton is a seasonal product, and the cycle of changing seasons of the year serve, in turn, to emphasize different phases of the cotton problem. Formerly, when the supply of cotton was entirely in commercial channels and the production in the United States was large enough to dominate world movements and prices of cotton, it was customary to assume that questions of supply lost their predominant importance as cotton news with the December 8 Government estimates of United States production. Although this is no longer as true as it was, because of the facts that the Government has about 3,000,000 bales of cotton to market, that it is controlling production, and that increases in foreign production have greatly reduced the importance of American cotton, it still remains true that demand news is of predominant importance during the winter months in making the price of cotton. What, then, is the situation in respect to demand?

Fortunately, world cotton consumption is going ahead at the greatest rate in the history of the industry, and may exceed 28,000,000 bales of cotton this year. Indications are that an amount not to exceed 12,500,000 bales of this enormous consumption, or about 44 per cent, will be United States cotton; whereas, prior to the depression, the United States furnished, on an average, about 57 per cent of the world's total cotton for commercial consumption. If the United States had furnished that percentage this year, it would have meant the consumption of 16,960,000 bales of United States cotton instead of the probable 12,500,000 bales.

What is the reason for the large increase in the world demand for cotton during last year and this astonishing decline in the demand for American cotton by foreign buyers? These questions are of vital concern to everyone interested in the cotton industry in the United States, but more especially to the cotton growers of Texas and the Southwest. The outstanding reason for the large consumption of cotton is the relative cheapness of raw cotton and cotton goods. Measured in terms of either

gold or relative buying power, cotton is the cheapest major commodity on the market in the world in spite of four years of enforced drastic reduction in cotton production in the United States. Increasing prosperity throughout the world and preparation for war in a few countries are also stimulating consumption.

The most important question to the cotton growers, especially those of Texas and the Southwest, is, why has there been such a drastic decline in the demand for American cotton? The primary reason has been that to a large extent American cotton has been priced out of world markets by Government loans above market price, and present restricted production is serving somewhat the same purpose as did loans above the market price. The point is, other countries can and are willing to supply the world demand for cotton at present prices; and under the circumstances, does not our program of restriction of production serve merely to transfer production from the United States to foreign countries?

During the past ten seasons, for example, the price of Fair Pernambuco has averaged 99.6 per cent of Mid-American cotton. It is now only 94.2 per cent. The price of Indian No. 1 Oomra over the past ten seasons has averaged 79.1 per cent of American. It is now 73.2 per cent. The price of Fully Good Fair Upper Egyptian over the past ten seasons averaged 120.6 per cent of American, and it is now only 109.7 per cent. These figures from the New York Cotton Exchange Service show clearly that American cotton is even now overpriced in comparison with other competing growths, and that is a big reason why foreign cotton is taken in preference to American cotton.

The inability of some countries like Germany and Italy to get dollar exchange in America with which to buy cotton is another important reason for substituting foreign for American cotton.

The lack of exchange is due primarily to our tariff policy. It is argued that a high tariff is necessary to protect American labor from the low standard of living

of foreign workers. The cotton growers, on the other hand, are not only competing with the lowest paid labor in the world in the production and sale of their cotton; but, because they sell their cotton in a free market and buy their goods in a highly protected market, they are in effect paying heavy tribute for the privilege of carrying on that competition. The tariff in this country and the high standard of wages paid in tariff protected industries are in reality not paid by foreigners but by people like the cotton growers who sell the products of their work in open markets. In reality, then, a protective tariff is essentially a tribute laid on society for the special benefit of a particular group.

This year in particular there have been very serious complaints on the part of domestic mills and, especially, foreigners about the poor quality of American cotton. Such complaints are not new. The fact is, only a few years ago a Texas bill of lading on a lot of cotton shipped to Europe increased its value as much as \$3.00 per bale. Today cotton from some sections of Texas carries a discount. Some buyers refuse to buy cotton at certain points in Texas. This decline in quality is an important factor in the decline in the demand for American cotton, but especially Texas cotton. This does not mean that all Texas cotton is bad, for Texas still produces a large part of the finest medium staple cotton in the world; but there is altogether too much that is undesirable.

The apathy of the people of the State toward the rapid loss of cotton markets and the decline in the quality of a product so important in industry and in the welfare of the State is amazing; and it is unbelievable that in the near future the people will not take vigorous steps to regain markets and restore the quality of the product. The recent effort to establish somewhere in the South a cotton research laboratory is an encouraging indication that constructive policies are in the course of adoption.

A. B. Cox.

Financial

From a financial viewpoint, perhaps the most significant developments of the past few weeks have been these: the announced decision of the Administration to request an extension of its expiring monetary powers, the growing official concern over the possibility of a too rapid expansion of bank credit, and the continued steady increase in commercial bank lending.

It now seems probable that Congress will be asked to extend the lending power of the Reconstruction Finance Corporation, which authority was scheduled to expire by limitation shortly, for an additional period of two or three years. Indeed considerable sentiment exists favoring the establishment of the R.F.C. on a permanent basis with the object of having available at all times an institution capable of meeting the demand for credit in possible future financial crises. Throughout the past year or so repayments of loans to the R.F.C. have substantially exceeded new lending. Should the Corporation undertake to liquidate, however, a long period of time would undoubtedly be required to realize on outstanding loans.

COTTON BALANCE SHEET

The indicated supplies of cotton in the United States on January 1, 1937, were 11,794,000 bales, compared with 12,046,000 bales at this date last year. This figure represents the smallest supplies for this time of year since 1930. The price of cotton in 1930 was 17.05 cents per pound, while it is now quoted at 12.96 cents.

Stocks of cotton in the United States have decreased 252,000 bales from this time last year, and stocks afloat to Europe and in European ports show a decline of 187,000 bales. The index price of New Orleans middling spot cotton has been calculated at 13.84 cents after adjustment for changes in the current price level, the spinners margin, and stocks in the United States and Europe. This index price compares with 14.06 cents on December 1, 1936, and 14.93 cents on January 1, 1935. When the calculation is based on percentage changes, the price on January 1, 1937, is indicated to be 12.60 cents.

SPINNERS MARGIN

Spinners ratio margin on American cotton, based on the price of 32's twist yarn in Manchester and the price of middling 7/8-inch cotton in Liverpool, was 175 in December. This figure is compared with the spinners margin for the last six months in 1936 and 1935 in the following table:

SPINNERS RATIO MARGIN		
Month	1936	1935
July	157	156
August	178	162
September	164	162
October	174	165
November	173	165
December	175	169

The pence margin averaged 5.24d for December, as compared with 4.97d for November, 4.90d for October, and 4.49d for December 1935. These margins indicate a buoyant and strong demand for cotton as well as an increase in consumption.

The life of the original two billion dollar stabilization fund and the authority of the President to vary the gold weight of the dollar within 50 to 60 per cent of its old weight are both almost certain to be extended. Unless such action is taken, both of these emergency provisions will expire by limitation on January 31. It will be recalled that the stabilization fund, on which incidentally Mr. Morgenthau reports a present profit of approximately \$6,000,000, was originally created in 1934 to assist in controlling foreign exchange rates following the debasement of the dollar. Under the present "tripartite agreement" with England and France, the continued existence of this fund is indispensable in controlling exchange rates. The executive power to change the gold weight of the dollar is thought to be necessary as a bargaining weapon in the expected future negotiations looking toward international currency stabilization. Apparently the country can expect for some time a continuation of the managed currency policy.

In addition, it is probable that the portion of the Glass-Steagall Act permitting the use of government bonds as

partial collateral behind federal reserve notes will also be extended. This authority originally granted in 1932 is now scheduled to expire in early March. This provision has been little used, and there appears to be no prospect that it will be required in the near future because of the existing large gold holdings of the federal reserve banks. There is always the possibility, however, of a heavy outward movement of gold which might render it desirable to substitute some government bonds for gold as collateral backing for federal reserve notes.

It is quite evident that the Administration is becoming increasingly concerned over the danger of a run-away credit expansion. In an effort to cut down the excess reserve balances of member banks, the Federal Reserve Board last August increased by 50 per cent the legal reserve requirements of its member banks. This action reduced the aggregate of excess reserves from \$3,100,000,000 to approximately \$1,800,000,000. As a result of Treasury expenditures and continued gold imports, excess reserves have since then increased to a level of about \$2,300,000,000 with the prospect for a further sharp increase during the next few weeks from the normal seasonal return flow of currency from circulation.

It now seems probable that the Federal Reserve Board will, in the near future, announce a further raise in member bank reserve requirements, perhaps by the full remaining limit of $33\frac{1}{3}$ per cent. Such action would at once cut down excess reserves by some \$1,550,000,000, reducing them to a level of approximately \$750,000,000. Virtually all member banks could meet this increase readily either out of existing balances with the federal reserve banks or out of correspondent balances.

Should the Board take this action, the probable immediate effect on money market interest rates would be slight. The supply of loanable funds would continue to be extremely large and would more than suffice to meet the probable increase in demand for commercial loans over the next six months or so. The action would, however, probably result in a tightening of the money market during the last half of the year. Once the existing excess reserves had been used, any further expansion of bank credit would compel the member banks to borrow from the federal reserve banks, which would automatically cause lending rates to rise. Further, the borrowing of member banks from the reserve banks would greatly increase the ability of the latter banks to control any additional credit expansion.

In an effort to control one source of increasing excess reserve balances, the Treasury late in December put into effect a policy of sterilizing gold imports. Under this policy the Treasury sells its notes in the open market in order to procure funds with which to purchase gold from the importing banks. Thus as much money is drawn from the market as is paid back into the market for imported gold, leaving aggregate member bank reserve balances unchanged. Further, the gold thus acquired by the Treasury is to be kept in a special reserve account and not sold to the federal reserve banks where it would serve to broaden the base for future credit expansion. The program will probably accomplish the immediate purpose for which it was intended, but will have no effect in correcting the factors which are causing the continuous importation of gold.

J. C. DOLLEY.

Regional Types of Southern Economy¹

Most discussions of the South and of southern economy apparently assume and almost generally imply that the common language of *cotton* makes of the South a

¹In the preface to a recent volume contributed by the Rowett Research Institute, Aberdeen, Scotland, on the livestock industries of the British Empire, the author in discussing some of the research methods used in England states that: "Modern geography, which is based on the conception of natural regions, and their characteristic natural vegetation and farming types, will, for each country, form the starting point for our discussions. Animal husbandry is not yet sufficiently scientific to have a common language of its own." Therefore, the writer states that it is necessary to use the methods of regional geography, for, he continues, "it is physical, geological, and climatic factors, which, despite the often heroic but sometimes ill-directed activities of farmers and governments, determine *where* and *how* animal husbandry may exist, and perhaps, prosper, and which at the same time condition production and marketing efficiency." The same attitude might well be taken with respect to all forms of land and other resources utilization whether these forms are agricultural, industrial, urban, or recreational in nature. In fact, these attitudes have to be considered and interpreted if a comprehensive and realistic picture of these phases of modern economic structure is to be attained.

It should be obvious that comprehensive and really worthwhile studies and interpretations of land and resources utilization, or of policies having to do with the use and conservation of natural resources must comprise a knowledge of the economic factors concerned and, as well, a thorough understanding of the physical setting and the fundamental characteristics of the resources themselves.

single unit, geographically, economically, and otherwise. This, however, is not the case. The Southeast, historically the "old" Cotton Belt, is a vast area pre-determined by nature to be quite different from the Gulf Southwest (which includes the states of Texas, Louisiana, Arkansas, Oklahoma, and New Mexico), except that because of the prevailing temperature conditions cotton can be and is grown in both of these sections. Cotton, however, is grown in these two major sections of the nation under quite different conditions, even as to varieties of cotton. Together, these two sections have long constituted the premier cotton growing lands of the world so far as quantity of cotton lint and cottonseed are concerned, and because of these conditions, perhaps, the two sections have been commonly considered as being very much alike.

The timbered sandy soils of the Coastal Plain and the somewhat heavier soils of the Piedmont Upland of the Southeast have long been subjected to a high rainfall; the geologic materials from which these soils were derived were originally almost entirely non-calcareous. The result of the high rainfall upon the non-calcareous materials has been that these soils have been rather thoroughly leached of whatever plant food constituents they may once have possessed. Wherever calcareous materials are present, even though in only a somewhat

restricted amount, in the lands of the Southeast, a very different set of physiographic and soil conditions occurs; and such areas are outstanding in the agriculture of the Southeast. But east of the Mississippi Lowlands, such areas are small, and the once important cotton growing Black Soil district of Alabama is no longer the outstanding cotton producing region it formerly was.

Because of a combination of factors characteristic of the region itself, the Southeast can grow large quantities of cotton, but only if the soils are rather heavily fertilized. The Southeast has been for decades the chief fertilizer using section of the United States; but, in order to buy fertilizer, the farmer must have a cash crop, and that crop is cotton. Thus far cotton is the one predominant cash product of the farms of the Southeast. Because of the humid conditions characterizing the growing season, the environment of the Southeast is relatively favorable to cotton growing, both as to quantity and quality of production, if fertilizers are supplied rather generously.

It will bear repeating that the Southeast is a timber country, and unquestionably timber products are to occupy a large place in the economy of the Southeast in the future—but that is another story. It may be a surprising fact that the acreage of corn in the Southeast is normally nearly as large as the cotton acreage; but the Southeast is not a Corn Belt, nor is it a cattle and hog producing section at all comparable with the Corn Belt. Neither the Southeast as a whole nor any large area within the Southeast is, or ever has been, a surplus livestock producer. The sandy, deeply leached soils characterizing the Southeast as a whole are not conducive to the growing of nutritious grasses, and to this factor is due the lack of good natural pastures in the Southeast except in the limestone or marly areas. The Southeast could increase its yields of corn by heavy application of fertilizers upon its upland soils, but that would be a costly procedure and it has not been done. On the contrary, because of natural conditions, the Corn Belt obtains large yields of corn without the application of commercial fertilizers. Fruits, vegetables, and tobacco are important locally in the Southeast, but market demands do not indicate that any conceivable increase in acreage devoted to these crops can approach the acreage devoted to cotton. Furthermore, there are other portions of the country, some in the Gulf Southwest, which also are admirably adapted to the growing of these same groups of fruits and vegetables.

The Southeast as a whole is predominantly a one-crop country because of natural conditions which man is well-nigh helpless to change in a positive manner except by adding fertilizers to the soils; and that is economically possible only when fertilizers are used for cash crops and when the prices obtained from such crops are high enough to justify the purchase of fertilizers. The Southeast has vast timber resources; it is naturally well adapted to the production of large amounts of forest growth. The Southeast has non-metallic mineral resources and, near Birmingham, a large reserve of iron ore. Aside from coal, and a high quality coal it is, in the southern portion of the great Appalachian coal field, the outstanding non-metallic resource is phosphate rock,

used in the manufacture of fertilizers, the major American market for which, as already stated, is the Southeast.

HISTORICAL PERSPECTIVE

Before turning to a consideration of the Gulf Southeast, it may be well to consider in brief historical perspective the economic importance of cotton production as it swept, region by region, across what is now the Cotton Belt. During the middle portion of the nineteenth century raw cotton constituted the one great export of the United States. The expansion of the markets for raw cotton, in England particularly, and the ability of the Southeast after 1815 to supply that market constituted an economic advance beside which the more glamorous aspects of the dramatic discovery of gold in California sink into comparative insignificance.

These conditions provided a means for the widespread diffusion of buying power over a large section of the United States, because the Southeast was the one portion of the world adapted to cotton production which at that period could grow in sufficient quantities to meet adequately the new and expanding demands for that commodity. The resulting growth and diffusion of buying power in the Southeast made of that section of the nation the first major unit in the growth of the vast internal market of the United States; it provided the first important market for the agricultural surplus of the Ohio Valley country; subsequent developments created in the Southeast and in the Ohio Valley, and later in the Prairie states, a wide market for industrial goods, which in turn made possible the rapid growth of American manufacturing.

But by the 1880's railroads and the sod plow were opening a new Cotton Belt—the broad rolling lands of the Black Prairies of Texas—which in turn soon became the leading source of raw cotton exported from the United States. Further extension of railways, the introduction of deep-well drilling and of windmills, which made available the underground water supplies for household and livestock uses, and the coming of power agricultural machinery made possible the further geographic extension of the new Cotton Belt into the arable sub-humid lands of the plains of Southern and Western Texas and of Southwestern Oklahoma—a movement which continued through the decade of the 1920's. By far, most of the cotton grown in the Gulf Southwest goes into foreign markets, whereas the large proportion of cotton grown in the Southeast goes to the textile mills located in that section; this later aspect obviously constitutes a very important advantage to cotton production in the Southeast.

REGIONAL AND RESOURCE DIVERSITY OF THE GULF SOUTHWEST

The Southeast, except for the Mississippi Lowlands in the State of Mississippi and the Black Belt of Alabama, is remarkable in the general homogeneity of physical make-up, a feature perhaps best expressed in the predominance of pine forests throughout the extent of its uplands.

By the simplest means of contrast, the Gulf Southwest stands quite apart from the Southeast in its diversity of economic enterprises, a diversity based primarily upon a very different make-up of natural endowments; furthermore, the extent of these various endowments, either as units or in combination, is strong enough to influence in a substantial manner practically every aspect of the economic life of the Gulf Southwest. The Gulf Southwest, although dominantly made up of plains, is dominated by great diversity with respect to its natural regions and the natural resources associated with these natural regions. Taking only a broader sweep of the features of cotton production of the Gulf Southwest, the impressive capacities and potentialities of the recently deposited alluvium of the Mississippi Lowlands (unleached water-borne materials from the Western Plains transported into a humid environment), the unexampled Black Lands of Texas, all high in lime and derived from high calcareous geologic materials—the Black Prairies, the Coastal Prairies, the interior Prairies extending from east of the Brazos southwestward, including large portions of Washington, Fayette, Lavaca, Dewitt and Karnes counties, the Grand Prairies of Texas (and their extensions into southeastern Oklahoma) and of the High Plains—all are readily adapted to large machine production and require no commercial fertilizers.

These extensive plains areas, all developed on materials high in lime, are all characterized by soils which are high in those constituents necessary to plant growth. These regions stand out as premier cotton growing lands, not only from a national, but also from an international, point of view. Writing of this section in 1931, the late Dr. C. F. Marbut of the United States Department of Agriculture stated: "The region seems to be one in which the cotton plant finds a very favorable habitat. The fiber is of high quality, and except in seasons of very low rainfall the yields are good. The crop can be produced more cheaply than in the old southeastern cotton belt where the soils require fertilization and where also, because of rolling relief and severe soil erosion, the use of machinery is difficult."

Before turning to other enterprises it may be well to re-emphasize the increasing importance of cotton-seed. There are those who feel that in the future the increase in demand for what otherwise would be cotton textiles will be met largely by the increased production of synthetic fibers—that is, by a chemical industry. In the case of the vegetable oils—long since a staple world commodity—the situation is just the opposite. The modern vegetable oil industry is essentially a chemical industry itself, and every indication points to an increasing demand for vegetable oils considered as a whole. unquestionably the potential field of expansion in the consumption of cottonseed oil products is a large and very important one to consider in the economy of the entire South. At the same time it may be called to mind that the widely famed dairying industry of Western Europe is in large part sustained by the highly concentrated protein feed-stuffs in oil cake and oil meal—the by-products of the great vegetable oil industry in that part of Europe, which is based entirely upon imported oil raw materials.

The western portions of the Gulf Southwest have been an outstanding section of the nation in range livestock production since the Indians were pushed back and removed and the buffalo done away with. The range cattle industry of the Gulf Southwest is primarily an epic of the short-grass plains—of South Texas, the Edwards Plateau, the Trans-Pecos, the Permian Plains of Texas and Oklahoma and south-central Kansas, and the High Plains or the Llano Estacado—each one of these regions being larger than an ordinary state. Immediately following the removal of the remaining hostile tribes and the slaughter of the great Southern Herd of buffalo, a vast tidal-wave of cattle swept over the plains of Western Texas—it was still another aspect of the widespread Westward Movement, but it was more than a dramatic undertaking; it was the second step of the movement in the conquest of a new environment, the sub-humid interior plains.

The advance of the cattleman's frontier onto the "Buffalo Plains" was a sequel to the organization of the ranching industry which had grown up in the "brush" country of South Texas. Then, in turn, Texas became "the great livestock hive from which swarmed the cattle" that were later to "cover the whole plains region." In spite of a half-century and more of overgrazing, the short grasses of these lands remain, except where the lands have been plowed up, the most effective means of stabilizing the loose friable soils that characterize so much of the Western Plains country. Because of their well-nigh perfect adjustment to the conditions of the natural environment, these grasses show an amazing capacity to persist in spite of rough usage; and today, after 60 or 70 years of use for range purposes, they constitute a very important feed resource, at once palatable and highly nutritious. Overgrazing and ill-usage have brought about deterioration in the range both through allowing poor range plants to increase on the ranges and through bringing about a greater physiographic instability with consequent greater erosion when the protecting sod is disturbed.

Arable lands throughout these range sections in ordinary seasons grow large quantities of grain sorghums—the grain sorghums being admirably adapted to this environment except in very dry seasons. In fact the arable lands of the Permian Plains of Oklahoma and Texas and of the High Plains south of the Arkansas River may be designated as the Grain Sorghums Belt. Corn and other feed crops can be successfully grown in the moderately humid Black Prairies. The capacity and the adaptability of Southwestern range lands for successful livestock production is a demonstrated fact. The natural capacity of the Gulf Southwest—much of it suitable for good winter pastures—for producing forage and feed crops such as grain sorghums, and for growing concentrated feed crops such as corn in the humid areas and cottonseed products over much of the territory, is indicative of potentialities for further increases in the quantity and variety of finished livestock products. Northward beyond the climatic limits for successful cotton growing in the Gulf Southwest, hard winter wheat production is admirably adapted to the arable lands.

In spite of the much publicized dust storms which have always characterized portions of the Southwest, and in spite of the fact that many areas have been plowed up that should have been allowed to remain under sod, the Black Earth lands of the Texas Panhandle, of north-central Oklahoma, and of portions of southwestern Kansas form an important and a substantial portion of the hard winter wheat region which centers in and extends outward from central Kansas.

To sum up: Cotton and wheat, grain sorghums and livestock—cattle, sheep and Angora goats—are outstanding agricultural enterprises in the Gulf Southwest. The Gulf Southwest is characterized by a diversity of cash crops other than cotton; in addition, the humid sections—Louisiana, Arkansas, and East Texas—have forest resources, and these areas are getting a substantial share of the pulp and paper mills in the current southward migration of that major industry.

But, in addition to the wide diversity of agricultural resources and consequently the large production of a wide variety of agricultural products, all of which are definite expressions of the very different natural regions make-up of the Gulf Southwest in contrast with the Southeast, the Gulf Southwest is one of the outstanding sections of the world in production or reserves of petroleum and natural gas and in certain non-metallics, including salt, sulphur, Portland cement materials, gypsum, and potash. This section also contains rich deposits of other non-metallics, such as silica sands, volcanic ash materials, bauxite, granites, lignite, etc. The wide variety and large reserves of these mineral resources express the greatly contrasted aspects of the geographic geology of the Gulf Southwest as compared with the Southeast. It is true there is a glamor attached to oil development, wild-cattling, and the bringing in of new fields. Yet it is difficult to grasp in its entirety the vastness of the oil industry, which includes such distinct major enter-

RETAIL SALES OF INDEPENDENT STORES IN NEW MEXICO, OKLAHOMA, AND TEXAS

	December 1936				Year 1936		
	Number of Firms Reporting	Dollar Sales	Percentage Change in Dollar Sales from Dec. 1935 to Nov. 1936		Number of Firms Reporting	Dollar Sales	Percentage Change in Dollar Sales from Year 1935
TOTAL (New Mexico, Oklahoma, and Texas Combined)	988	\$20,744,148	+ 17.1	+ 40.5	926	\$158,545,559	+ 16.8
NEW MEXICO	57	489,372	+ 21.6	+ 18.1	54	4,652,578	+ 15.2
OKLAHOMA	215	1,774,939	+ 8.7	+ 23.0	205	15,955,486	+ 11.7
TEXAS	716	18,479,837	+ 17.8	+ 43.2	667	137,937,495	+ 17.4
TEXAS STORES GROUPED BY LINE OF GOODS CARRIED:							
APPAREL	103	3,008,461	+ 20.2	+ 48.9	92	21,402,035	+ 21.2
Family Clothing Stores	28	567,572	+ 11.5	+ 28.1	25	4,080,137	+ 18.7
Men's and Boys' Clothing Stores	36	997,769	+ 22.0	+ 62.9	35	6,423,300	+ 21.6
Shoe Stores	13	142,027	+ 17.0	+ 45.1	7	997,647	+ 17.0
Women's Specialty Shops	26	1,301,093	+ 23.4	+ 50.1	25	9,900,951	+ 22.5
AUTOMOTIVE	97	3,169,232	+ 24.6	+ 14.8	92	30,410,203	+ 23.0
Filling Stations	24	100,634	+ 9.3	- 1.4	22	1,180,363	+ 11.8
Motor Vehicle Dealers	73	3,068,598	+ 25.1	+ 15.4	70	29,229,840	+ 23.5
COUNTRY GENERAL AND FARMERS' SUPPLIES	84	565,555	+ 7.7	+ 18.3	81	5,666,299	+ 2.1
DEPARTMENT STORES	49	8,623,608	+ 15.9	+ 66.3	48	52,079,276	+ 16.3
DRUG STORES	147	630,705	+ 9.4	+ 34.7	134	5,414,303	+ 10.4
FOOD	134	903,121	+ 8.6	+ 8.4	125	9,358,046	+ 3.9
Grocery	32	183,329	+ 6.4	+ 11.0	30	1,886,133	+ 1.2
Grocery-and-Meat Stores	102	719,792	+ 9.1	+ 7.8	95	7,471,913	+ 4.7
FURNITURE AND HOUSEHOLD	26	528,270	+ 23.4	+ 43.0	26	4,520,012	+ 23.5
Furniture Stores	18	444,728	+ 23.5	+ 37.4	18	3,757,257	+ 26.3
Household Appliance Stores	4	61,799	+ 14.4	+ 97.6	4	584,194	+ 11.3
Other Home Furnishings Stores	4	21,743	+ 56.5	+ 50.2	4	178,561	+ 12.2
JEWELRY	10	301,293	+ 23.5	+ 219.6	10	1,025,626	+ 25.3
LUMBER, BUILDING, AND HARDWARE	46	650,310	+ 28.7	+ 6.6	43	7,374,031	+ 28.8
Farm Implement Stores	3	29,037	+ 97.3	+ 23.8	3	282,665	+ 13.1
Hardware Stores	20	282,287	+ 22.6	+ 18.1	18	2,804,040	+ 20.2
Lumber and Building Material Dealers	23	338,986	+ 30.2	- 2.5	22	4,287,326	+ 36.5
RESTAURANTS	15	62,792	+ 8.7	- 0.1	12	525,019	+ 10.5
ALL OTHER STORES	5	36,490	+ 41.6	+ 54.4	4	162,645	+ 5.7
TEXAS STORES GROUPED ACCORDING TO POPULATION OF CITY:							
All Stores in Cities of—							
OVER 100,000 POPULATION	156	11,203,173	+ 19.5	+ 53.6	141	74,692,932	+ 18.9
50,000-100,000 POPULATION	65	1,996,718	+ 19.2	+ 56.3	60	14,472,121	+ 19.1
2,500-50,000 POPULATION	329	4,184,650	+ 14.5	+ 24.6	308	37,513,437	+ 16.5
LESS THAN 2,500 POPULATION	166	1,095,296	+ 11.9	+ 11.9	158	11,259,005	+ 9.3

NOTE: Prepared from reports from independent retail stores to the Bureau of Business Research, cooperating with the United States Department of Commerce.

prises as production, pipeline transportation, and refining. It has somewhat boastfully been said of Butte, Montana, that out of "the richest hill on earth" there has been mined during the past 70 years two billion dollars worth of metals. Yet the value (estimated) of oil and gas production in Texas for one year, 1935, totals more than 400 million dollars. The total of royalties, rentals, and bonuses annually paid by oil companies to landowners in Texas has been estimated at 95 millions of dollars; and the annual expenditures by oil companies for materials, supplies, and services (exclusive of pay rolls and acquisition of leases) have been estimated at 200 millions of dollars. Important oil production in Texas did not get under way until 1901; and since that period Texas alone has produced considerably more than four and one-half billion barrels of oil.

The oil industry in the Gulf Southwest has not only served to center nation-wide attention upon Texas and

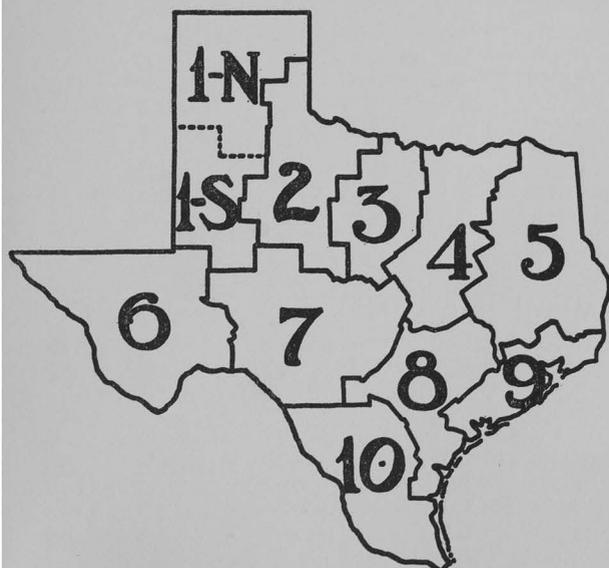
the other states of the Gulf Southwest, but it has also served to diffuse during the past three decades a vast volume of buying power throughout the whole of the Southwest—a buying power the influence of which it is impossible to measure, but the significance of which might be grasped by imagining the conditions resulting from the sudden stopping of the entire oil industry in the Southwest.

But much less prosaic than the oil industry are the industries based on the production and manufacture of the non-metallics. Fortunately for the future growth of industries utilizing the non-metallic raw materials, whether such industries are chemical or otherwise, the Southwest has ample fuel supplies in the form of natural gas—often designated as the perfect fuel. The large scale growth of the chemical industry in the United States has come about to a large extent since the World War period. The wave of migration of heavy chemicals to

DECEMBER RETAIL SALES OF INDEPENDENT STORES IN TEXAS

	Total Number of Firms Reporting	Percentage Change in Dollar Sales	
		Dec. 1936 from Dec. 1935	Dec. 1936 from Nov. 1936
TOTAL TEXAS	716	+ 17.8	+ 43.2
TEXAS STORES GROUPED BY PRODUCING AREAS:			
DISTRICT 1-N	38	+ 8.1	+ 11.7
Amarillo	12	+ 5.0	+ 9.5
Plainview	7	+ 15.6	+ 14.6
All Others	19	+ 9.6	+ 13.5
DISTRICT 1-S	22	+ 19.0	+ 13.0
Big Spring	4	+ 10.3	+ 47.2
Lubbock	12	+ 19.3	+ 7.2
All Others	6	+ 33.1	+ 17.7
DISTRICT 2	60	- 3.3	+ 23.1
Abilene	9	+ 4.5	+ 53.5
Vernon	5	- 10.8	+ 39.2
Wichita Falls	6	+ 10.6	+ 39.3
All Others	40	- 12.7	+ 2.2

	Total Number of Firms Reporting	Percentage Change in Dollar Sales	
		Dec. 1936 from Dec. 1935	Dec. 1936 from Nov. 1936
DISTRICT 3	18	+ 6.9	+ 18.8
Brownwood	3	+ 32.3	+ 26.0
All Others	15	- 4.9	+ 14.7
DISTRICT 4	179	+ 20.1	+ 53.2
Cleburne	8	+ 23.6	+ 61.8
Corsicana	10	+ 23.3	+ 10.9
Dallas	46	+ 21.7	+ 57.7
Denison	4	+ 43.6	+ 55.3
Fort Worth	20	+ 18.3	+ 59.0
Sherman	5	+ 31.8	+ 34.5
Taylor	9	+ 12.9	+ 36.7
Temple	7	+ 10.3	+ 33.8
Waco	14	+ 16.1	+ 62.0
All Others	56	+ 16.8	+ 19.6
DISTRICT 5	79	+ 18.9	+ 27.2
Bryan	7	+ 12.1	+ 37.6
Longview	5	+ 50.7	+ 57.7
Marshall	8	+ 14.9	+ 50.3
Nacogdoches	4	+ 15.1	+ 33.3
Tyler	6	+ 20.2	+ 50.4
All Others	49	+ 17.4	+ 13.8
DISTRICT 6	31	+ 21.3	+ 47.2
El Paso	22	+ 20.4	+ 51.0
All Others	9	+ 31.7	+ 15.5
DISTRICT 7	27	+ 12.6	+ 28.8
San Angelo	15	+ 14.3	+ 31.5
All Others	12	+ 7.2	+ 20.7
DISTRICT 8	105	+ 19.1	+ 40.3
Austin	15	+ 13.9	+ 53.4
Corpus Christi	8	+ 57.2	+ 6.4
Lockhart	6	- 18.8	+ 23.0
San Antonio	26	+ 21.2	+ 45.1
All Others	50	+ 17.0	+ 26.7
DISTRICT 9	103	+ 16.5	+ 49.3
Beaumont	11	+ 27.6	+ 67.9
Galveston	13	+ 10.7	+ 33.2
Houston	42	+ 15.1	+ 50.8
Port Arthur	12	+ 30.4	+ 57.1
All Others	25	+ 2.9	+ 17.9
DISTRICT 10	54	+ 24.5	+ 24.9
Brownsville	18	+ 36.5	+ 42.7
Harlingen	11	+ 40.0	+ 29.5
All Others	25	+ 13.8	+ 14.2



NOTE: Prepared from reports from independent retail stores to the Bureau of Business Research, cooperating with the United States Department of Commerce.

the Gulf Southwest in recent years is representative of a movement that apparently has just begun to operate in a large way. The basis for this movement, which holds so much promise to the Gulf Southwest in the near future, comprises the large reserves and the wide variety of non-metallic resources, adequate fuel supplies, and location on or near the Gulf of Mexico, with the consequent significant advantage of low-cost water transportation.

ELMER H. JOHNSON.

**Subscription to the
TEXAS BUSINESS REVIEW
\$1.00 per year**

TEXAS COMMERCIAL FAILURES

	Dec. 1936	Dec. 1935*	Nov. 1936*	Year 1936	Year 1935
Number	10	26	17	178	262
Average Weekly Number	2	5	3	3	5
Liabilities	\$155	\$456	\$215	\$2,134	\$3,995
Assets	\$ 51	\$196	\$ 92	\$ 840	\$1,402
Average Liabilities per Failure	\$ 15	\$ 18	\$ 13	\$ 12	\$ 15

*Five weeks.
||In thousands.
NOTE: From Dun and Bradstreet, Inc.

POSTAL RECEIPTS

	Dec. 1936	Dec. 1935	Nov. 1936
Abilene	\$ 21,069	\$ 16,887	\$ 14,295
Amarillo	37,479	31,010	24,338
Austin	65,382	53,711	46,885
Beaumont	30,930	25,543	21,085
Big Spring	7,707	6,974	4,515
Brownsville	9,076	8,723	6,343
Brownwood	6,728	7,244	5,741
Cleburne	4,749	4,409	2,677
Corpus Christi	24,471	18,336	17,367
Dallas	457,614	403,511	346,709
Del Rio	5,050	4,220	4,466
Denison	6,941	6,000	5,143
El Paso	63,603	56,683	40,050
Fort Worth	184,567	160,588	128,556
Galveston	37,182	33,504	23,089
Harlingen	7,671	5,723	4,121
Houston	275,249	248,823	194,031
Jacksonville	3,583	3,285	3,149
Longview	31,282	29,417	7,684
Lubbock	17,528	16,773	12,934
McAllen	7,514	4,019	3,364
Marshall	8,560	6,973	8,560
Palestine	5,551	5,827	4,199
Pampa	8,674	8,213	5,381
Paris	7,332	7,301	5,460
Plainview	4,965	5,104	3,583
Port Arthur	17,655	16,555	9,815
San Angelo	14,077	13,373	9,470
San Antonio	159,357	143,000	106,185
San Benito	3,783	3,301	2,111
Sherman	9,674	8,478	6,388
Snyder	1,500	1,700	1,417
Sweetwater	5,814	5,116	3,935
Tyler	22,233	13,643	15,246
Waco	39,030	35,834	29,557
Wichita Falls	27,225	23,848	19,333
TOTAL	\$1,640,805	\$1,443,649	\$1,147,186

NOTE: Compiled from reports from Texas chambers of commerce to the Bureau of Business Research.

DECEMBER CARLOAD MOVEMENT OF POULTRY AND EGGS

	Cars of Poultry				Cars of Eggs					
	Live		Dressed		Chickens		Turkeys			
	1936	1935	1936	1935	1936	1935	1936	1935		
TOTAL	3	2	24	24	63	15	584	374	19	39
Intrastate	—	—	—	—	3	2	3	1	—	12
Interstate	3	2	24	24	60	13	581	373	19	27

Interstate Shipments Classified

	1936	1935	1936	1935	1936	1935	1936	1935		
New York	3	2	7	5	10	5	167	110	2	2
Illinois	—	—	2	7	5	—	33	35	4	2
Massachusetts	—	—	5	4	4	—	71	48	—	3
New Jersey	—	—	—	—	3	—	30	16	—	—
Pennsylvania	—	—	3	1	4	3	58	48	—	1
Louisiana	—	—	—	—	1	—	6	4	2	9
Connecticut	—	—	1	—	2	1	20	23	—	—
Missouri	—	—	—	—	1	—	20	7	2	—
Georgia	—	—	—	—	6	—	3	7	2	2
Michigan	—	—	2	1	6	—	47	11	—	—
California	—	—	—	—	—	—	—	—	2	4
Alabama	—	—	—	—	1	—	6	1	—	1
Florida	—	—	2	2	5	2	19	8	3	—
Rhode Island	—	—	2	2	1	—	18	6	—	—
Ohio	—	—	—	2	—	—	29	19	—	—
Tennessee	—	—	—	—	2	—	5	2	—	1
Maryland	—	—	—	—	3	—	13	5	—	—
Mississippi	—	—	—	—	—	—	—	—	—	1
Virginia	—	—	—	—	2	1	6	2	—	—
Maine	—	—	—	—	—	1	9	8	—	—
D. of Columbia	—	—	—	—	2	—	7	5	—	—
Nebraska	—	—	—	—	—	—	—	3	—	1
Kentucky	—	—	—	—	—	—	1	1	—	—
N. Hampshire	—	—	—	—	1	—	7	3	—	—
Indiana	—	—	—	—	—	—	1	1	—	—
N. Carolina	—	—	—	—	1	—	2	—	1	—
Wisconsin	—	—	—	—	—	—	1	—	—	—
Vermont	—	—	—	—	—	—	1	—	—	—
W. Virginia	—	—	—	—	—	—	1	—	—	—
S. Carolina	—	—	—	—	—	—	—	—	1	—

Receipts at Texas Stations

TOTAL	2	—	2	5	1	33	33
Intrastate	2	—	2	5	1	11	10
Interstate	—	—	—	—	—	22	23

Interstate Receipts Classified

Kansas	—	—	—	—	—	12	13
Missouri	—	—	—	—	—	3	9
Nebraska	—	—	—	—	—	1	1
Iowa	—	—	—	—	—	3	—
Illinois	—	—	—	—	—	1	—
California	—	—	—	—	—	2	—

NOTE: These data are furnished the U. S. Department of Agriculture, Division of Crop and Livestock Estimates, by railway officials through agents at all stations which originate and receive carload shipments of poultry and eggs. The data are compiled by the Bureau of Business Research.

CONSUMPTION OF ELECTRIC POWER IN TEXAS

	Power Consumed (In Thousands of K.W.H.)			Percentage Change	
	Dec. 1936	Dec. 1935	Nov. 1936	Dec. 1936 from Dec. 1935	Dec. 1936 from Nov. 1936
Commercial	31,247	27,328	30,869	+14.3	+1.2
Industrial	85,803	75,770	86,964	+13.2	-1.3
Residential	24,872	22,500	25,168	+10.5	-1.2
All Other	21,896	19,942	21,176	+9.8	+3.4
TOTAL	163,818	145,540	164,177	+12.6	-0.2

NOTE: Prepared from reports from 17 electric power companies to the Bureau of Business Research.

DECEMBER CREDIT RATIOS IN TEXAS RETAIL STORES

(Expressed in Per Cent)

	Number of Stores Reporting	Ratio of Credit Sales to Net Sales		Ratio of Collections to Outstandings		Ratio of Credit Salaries to Credit Sales	
		1936	1935	1936	1935	1936	1935
All Stores	56	60.3	58.0	39.7	38.9	0.8	0.9
Stores Grouped by Cities:							
Abilene	4	54.3	50.0	34.6	32.6	1.2	1.3
Austin	3	54.2	53.9	45.3	44.9	0.7	0.7
Beaumont	3	57.7	58.0	45.4	39.2	0.9	0.9
Dallas	8	66.3	65.3	39.4	36.6	0.8	0.8
Fort Worth	6	62.0	54.7	36.3	35.5	0.7	0.8
Galveston	3	67.2	¶	42.3	¶	1.0	¶
Houston	7	58.2	56.0	42.6	45.7	1.2	1.1
San Antonio	4	56.0	55.5	36.0	40.4	0.6	0.7
Waco	4	55.8	54.7	40.6	36.2	0.8	0.9
All Others	14	54.5	53.4	42.1	38.2	1.0	1.2
Stores Grouped According to Type of Store:							
Department Stores (Annual Volume Over \$500,000)	16	59.5	56.9	39.5	40.3	0.8	0.8
Department Stores (Annual Volume Under \$500,000)	14	54.1	53.8	39.1	35.6	1.2	1.3
Dry Goods-Apparel Stores	4	59.0	52.8	36.8	32.8	1.1	1.4
Women's Specialty Shops	9	65.0	64.6	40.0	35.0	0.7	0.7
Men's Clothing Stores	13	64.7	61.8	41.0	39.5	1.0	1.1
Stores Grouped According to Volume of Net Sales During 1935:							
\$3,750,000 down to \$2,250,000	6	63.3	61.1	45.1	44.9	0.6	0.7
\$2,250,000 down to \$1,000,000	10	58.3	57.5	40.3	37.8	0.8	0.8
\$1,000,000 down to \$275,000	17	52.4	51.7	42.5	39.3	1.0	1.0
Less than \$275,000	23	58.5	53.3	44.8	41.7	1.2	1.4

¶Less than three (3) stores reporting; included in "All Others."

NOTE: The ratios shown for each year, in the order in which they appear from left to right, are obtained by the following computations: (1) Credit sales divided by net sales. (2) Collections during the month divided by the total accounts unpaid on the first of the month. (3) Salaries of the credit department divided by credit sales.

The data are reported to the Bureau of Business Research by Texas retail stores.

BUILDING PERMITS

	Dec. 1936	Dec. 1935	Nov. 1936	Year 1936	Year 1935
Abilene	\$ 84,310	\$ 10,410	\$ 42,265	\$ 383,151	\$ 116,868¶
Amarillo	39,607	22,401¶	45,777	1,140,362	289,460¶
Austin	214,526	121,525¶	256,172	3,969,878¶	4,610,502¶
Beaumont	174,075	13,811	51,784	1,133,021¶	563,615
Big Spring	8,920	3,235	14,709	132,629¶	60,587¶
Brownsville	2,710	5,855	1,089	109,180§	‡
Brownwood	1,675	9,550	280	15,322	60,174¶
Cleburne	3,250	150	3,130	37,955	45,708
Corpus Christi	141,635	23,151	204,245	2,700,759	554,156
Corsicana	10,747	1,150	3,475	176,218	120,741
Dallas	2,146,304	663,079	543,860	14,072,053	6,115,675
El Paso	50,601	13,058	81,162	941,613	437,575¶
Fort Worth	614,760	386,800	434,733	8,526,115	3,024,855¶
Galveston	32,765	36,262	56,039	1,316,732¶	484,775¶
Harlingen	9,425¶	35	1,510¶	‡	110,130§¶
Houston	1,649,370	657,485	1,302,445	18,438,514	6,961,461
Jacksonville	200	600	4,250	57,875	30,795¶
Laredo	38,900	1,150	24,015	137,390	45,845
Lubbock	61,465¶	14,905	89,567	907,910¶	217,748
McAllen	7,300	13,810	13,460	215,485	159,270
Marshall	22,520	8,260	26,071	268,822¶	103,978¶
Palestine	8,552	7,014	21,599	203,482	210,257
Pampa	16,600	5,690	60,100	401,243¶	258,977
Paris	6,355	2,690	13,702	108,153	95,410¶
Plainview	10,000	-----	1,000	28,600¶	25,600
Port Arthur	58,802	24,812	40,725	912,557	415,631¶
San Angelo	51,760	18,540	36,612	332,975	149,323
San Antonio	262,809¶	259,368	255,458¶	3,298,341¶	2,386,908¶
Sherman	6,552	19,485	27,014	225,392	364,517
Snyder	500	11,000¶	-----	7,600	34,150¶
Sweetwater	4,548	6,610	7,830	79,609¶	99,912¶
Tyler	76,285	88,907	90,874	1,551,572	1,234,420¶
Waco	144,150	30,213¶	91,180	847,496	1,700,581¶
Wichita Falls	547,577	23,037	9,143	894,698	310,169
TOTAL	\$6,509,555	\$2,504,048	\$3,855,275	\$63,463,722	\$31,289,643

‡Not available.

§Not included in total.

¶Does not include public works.

NOTE: Compiled from reports from Texas chambers of commerce to the Bureau of Business Research.

LUMBER
(In Board Feet)

	Dec. 1936	Dec. 1935	Nov. 1936
Southern Pine Mills:			
Average Weekly Production per Unit.....	279,902	263,907	312,077
Average Weekly Shipments per Unit.....	324,086	235,772	322,621
Average Unfilled Orders per Unit, End of Month.....	1,096,529	797,272	875,594

NOTE: From Southern Pine Association.

COMMODITY PRICES

	Dec. 1936	Dec. 1935	Nov. 1936
WHOLESALE PRICES:			
U. S. Bureau of Labor Statistics (1926 = 100).....	84.2	80.8	82.4
The Annalist (1913 = 100).....	134.0	129.4	129.2†
	79.1††	76.7††	76.3††
FARM PRICES:			
U. S. Department of Agriculture (1910-14 = 100).....	126.0	110.0	120.0
U. S. Bureau of Labor Statistics (1926 = 100).....	88.5	78.3	85.1
RETAIL PRICES:			
Food (U. S. Bureau of Labor Statistics, 1923-25 = 100).....	82.9	82.0	82.5
Department Stores (Fairchild's Publications, Jan. 1931 = 100)	91.7	88.2	90.8

†Revised.

††In old gold dollar.

TEXAS CHARTERS

	Dec. 1936	Dec. 1935	Nov. 1936	Year 1936	Year 1935
Domestic Corporations:					
Capitalization 	\$1,539	\$8,154	\$930	\$26,614	\$32,061
Number	105	99	102	1,630	1,656
Classification of new corporations:					
Banking-Finance	2	3	3	66	75
Manufacturing	17	14	9	240	256
Merchandising	21	43	25	400	444
Oil	28	20	26	393	419
Public Service.....	1	—	1	21	8
Real Estate-Building.....	9	5	5	128	116
Transportation	3	1	2	36	42
All Others.....	24	13	31	378	296
Number capitalized at less than \$5,000.....	43	43	49	667	622
Number capitalized at \$100,000 or more.....	3	7	1	43	53
Foreign Corporations (Number)					
	39	30	40	406	342

||In thousands.

NOTE: Compiled from records of the Secretary of State.



PETROLEUM

Daily Average Production
(In Barrels)

	Dec. 1936	Dec. 1935	Nov. 1936
East Central Texas.....	88,140	48,300	70,800
East Texas	445,540	436,350	441,850
Gulf Coast 	166,590	210,000	158,450
North Texas	64,530	56,850	64,750
Panhandle	62,770	62,150	62,450
Southwest Texas	178,200	65,250	167,000
West Central Texas.....	33,180	25,450	33,800
West Texas	165,110	159,850	150,400
STATE	1,204,060	1,064,200	1,149,500
UNITED STATES	3,104,010	2,828,800	3,021,450
Imports	136,457	134,536	166,536

||Includes Conroe.

NOTE: From American Petroleum Institute.

See accompanying map showing the oil producing districts of Texas.

Gasoline sales as indicated by taxes collected by the State Comptroller were: November 1936, 92,794,000 gallons; November 1935, 79,121,000 gallons; October 1936, 97,451,000 gallons.

STOCK PRICES

	Dec. 1936	Dec. 1935	Nov. 1936
Standard Indexes of the Securities			
Markets:			
419 Stocks Combined.....	123.1	95.3	124.2
347 Industrials	143.0	109.2	144.3
32 Rails	54.4	41.4	57.9
40 Utilities	110.6	91.6	108.9

NOTE: From Standard Statistics Co., Inc.

COTTON MANUFACTURING IN TEXAS

	Dec. 1936	Dec. 1935	Nov. 1936	Year 1936	Year 1935
Bales of Cotton Used.....	5,326	2,635	4,561	46,107	23,137
Yards of Cloth:					
Produced.....	5,720,812	3,454,848	4,735,767	50,821,642	38,656,923
Sold.....	6,187,986	2,668,664	5,480,559	50,532,846	28,262,258
Unfilled Orders.....	21,075,688	7,011,227	18,750,577		
Active Spindles.....	117,586	112,528	116,700		
Spindle Hours 	48,150	20,736	37,473	380,143	202,363

||In thousands.

NOTE: Reported to the Bureau of Business Research by Texas cotton mills. The figures shown for December 1936, December 1935, and November 1936, include data from 10 mills; those for each year, 9 mills.

COTTON BALANCE SHEET IN THE UNITED STATES AS OF JANUARY 1

(In Thousands of Bales)

	Carryover Aug. 1	Imports to Jan. 1†	Government Estimate as of Dec. 1‡	Total	Consumption to Jan. 1§	Exports to Jan. 1§	Total	Balance Jan. 1
1929-1930	2,313	140	14,919	17,372	2,738	4,162	6,900	10,472
1930-1931	4,530	19	14,243	18,792	2,010	3,947	5,957	12,835
1931-1932	6,369	34	16,918	23,321	2,191	4,037	6,228	17,093
1932-1933	9,682	38	12,727	22,447	2,342	4,246	6,588	15,859
1933-1934	8,176	55	13,177	21,408	2,415	4,180	6,595	14,813
1934-1935	7,746	49	9,731	17,526	2,134	2,399	4,533	12,993
1935-1936	7,138	42	10,734	17,914	2,424	3,461	5,885	12,029
1936-1937	5,397	57	12,407	17,861	2,897	3,170	6,067	11,794

The cotton year begins August 1. †In 500-pound bales. ‡In running bales, counting round bales as half bales.
NOTE: The figures have been revised in accordance with the revisions made by the United States Bureau of the Census.

DECEMBER SHIPMENTS OF LIVESTOCK CONVERTED TO A RAIL-CAR BASIS§

	Cattle		Calves		Hogs		Sheep		Total	
	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935
Total Interstate Plus Fort Worth¶	3,601	3,233	962	966	772	374	115	261	5,450	4,834
Total Intrastate Omitting Fort Worth	1,072	912	185	199	76	11	174	64	1,507	1,186
TOTAL SHIPMENTS	4,673	4,145	1,147	1,165	848	385	289	325	6,957	6,020

TEXAS CAR-LOT§ SHIPMENTS OF LIVESTOCK, JANUARY 1, 1936, TO JANUARY 1, 1937

	Cattle		Calves		Hogs		Sheep		Total	
	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935
Total Interstate Plus Fort Worth¶	40,836	42,715	8,865	9,417	6,732	3,287	4,498	4,609	60,931	60,028
Total Intrastate Omitting Fort Worth	9,673	13,166	1,808	1,906	525	136	1,682	1,198	13,688	16,406
TOTAL SHIPMENTS	50,509	55,881	10,673	11,323	7,257	3,423	6,180	5,807	74,619	76,434

§Rail-car Basis: Cattle, 30 head per car; calves, 60; hogs, 80; and sheep, 250.

¶Fort Worth shipments are combined with interstate forwardings in order that the bulk of market disappearance for the month may be shown.

NOTE: These data are furnished the United States Bureau of Agricultural Economics by railway officials through more than 1,500 station agents, representing every livestock shipping point in the State. The data are compiled by the Bureau of Business Research.

BANKING STATISTICS

(In Millions of Dollars)

	Dec. 1936		Dec. 1935		Nov. 1936	
	Dallas District	United States	Dallas District	United States	Dallas District	United States
DEBITS to individual accounts	827	43,363	852*	42,731*	952*	47,659*
Condition of reporting member banks on—	Dec. 30, 1936		Dec. 31, 1935		Dec. 2, 1936	
ASSETS:						
Loans and investments—total	521	22,931	458	20,895	513	22,459
Loans to brokers and dealers:						
In New York City		1,047		980		969
Outside New York City	3	242	2	183	3	212
Loans on securities to others (except banks)	44	2,037	42	2,111	42	2,024
Acceptances and commercial paper bought	2	351	2	362	2	324
Loans on real estate	24	1,156	21	1,136	24	1,152
Loans to banks		66		76		63
Other loans	159	4,290	133	3,401	160	4,068
U. S. Government direct obligations	197	9,241	160	8,468	186	9,173
Obligations fully guaranteed by U. S. Government	39	1,238	51	1,126	44	1,246
Other securities	53	3,263	47	3,052	52	3,228
Reserve with Federal Reserve Banks	105	5,163	78	4,597	108	5,371
Cash in vault	11	433	10	369	10	401
Due from Domestic banks	179	2,345	163	2,309	182	2,512
Other assets—net	29	1,378	30	1,395	30	1,372
LIABILITIES:						
Demand deposits—adjusted	380	15,571	321	13,888	378	15,464
Time deposits	121	5,067	121	4,911	122	5,037
U. S. Government deposits	40	702	27	701	34	449
Inter-bank deposits:						
Domestic banks	216	6,009	189	5,350	224	6,281
Foreign banks	1	427		443		450
Borrowings	1	23		1		
Other liabilities	7	902	6	765	7	879
Capital account	79	3,549	75	3,506	78	3,555

*Five weeks.

NOTE: From Federal Reserve Board.

Debits for the Dallas Federal Reserve District during the year 1936 were \$9,075,263,000, as compared with \$7,801,230,000 during the year 1935. Debits for all Federal Reserve Districts during the year 1936 were \$459,415,111,000, as compared with \$402,073,091,000 during the year 1935.

DECEMBER EMPLOYMENT AND PAY ROLLS IN TEXAS CLASSIFIED BY CITIES AND EMPLOYMENT GROUPS

Pay Rolls Ending Nearest Fifteenth of Month

	No. of Estab- lish- ments	Workers			Pay Roll			Average Weekly Wage per Worker		
		Number	Percentage Change		Dollars	Percentage Change		Dec. 1936	Dec. 1935	Nov. 1936
			Dec. 1936	from Dec. 1935		Nov. 1936	from Dec. 1935			
Abilene	15	187	+10.7	-5.1	\$ 4,299	+6.8	-8.4			
Amarillo	44	997	+12.3	+3.2	22,939	+13.2	+1.9			
Austin	25	651	-1.8	-1.5	13,642	-5.4	+0.3			
Beaumont	36	3,180	+7.3	-2.0	81,665	+18.9	-0.6			
Corpus Christi	6	235	+29.8	-1.7	2,999	+35.5	-1.5			
Dallas	178	13,437	+13.1	+6.5	307,608	+18.3	+13.1			
Denison	9	798	+35.9	+1.4	9,354	+25.6	-1.4			
El Paso	76	2,667	+17.2	+4.5	51,679	+17.9	+1.0			
Fort Worth	102	6,865	+11.6	+2.4	145,066	+20.4	+2.3			
Galveston	23	779	+6.9	-3.0	19,082	+9.2	+5.6			
Houston	169	12,898	+13.3	+1.3	296,888	+19.0	+1.8			
Laredo	14	266	+12.2	+2.3	3,536	+21.5	0.0			
Port Arthur	12	7,351	-13.1	-1.4	202,263	-7.2	-2.0			
San Antonio	137	4,485	+8.5	+6.7	84,696	+11.9	+4.2			
Sherman	16	731	+11.8	+1.4	13,030	+24.6	+8.7			
Tyler	6	462	+6.7	+0.9	12,152	+13.1	+1.2			
Waco	40	1,771	+16.1	+6.4	29,708	+20.8	+6.1			
Wichita Falls	28	811	+7.1	-2.9	17,825	+8.7	-3.9			
All Other Cities	703	29,423	+11.1	+0.5	722,619	+13.8	+0.5			
STATE	1,639	87,994	+9.2	+1.9	2,041,050	+13.3	+2.5	\$23.20	\$22.37	\$23.05
BUILDING MATERIALS	105	8,953	+20.2	+0.5	164,731	+31.1	+1.2	18.40	16.86	18.28
Brick, Tile, Terra Cotta	12	561	+22.2	+0.7	6,832	+10.0	+1.7	12.18	13.53	12.06
Cement	7	1,231	+25.6	+4.5	24,857	+39.5	+2.6	20.19	18.18	20.56
Foundries, Machine Shops	33	2,380	+33.4	+4.0	54,391	+39.7	+4.9	22.85	21.83	22.64
Millwork	18	592	+36.1	+0.5	11,492	+39.5	+2.8	19.41	18.94	18.99
Saw Mills	16	3,186	+6.1	-2.3	45,326	+14.7	-3.7	14.23	13.16	14.43
Structural Iron Works	10	919	+30.2	-3.7	20,001	+50.0	-0.5	21.76	18.88	21.08
All Other Building Materials	9	84	+1.2	+6.3	1,832	+18.2	+9.4	21.81	18.67	21.19
CHEMICALS†	26	578	-3.7	+1.6	10,628	-2.5	-1.3	18.39	18.17	18.93
CLOTHING AND TEXTILES	37	3,993	+22.7	-1.5	45,363	+29.2	-1.0	11.36	10.79	11.30
Cotton Textile Mills	8	2,382	+43.2	+5.4	29,699	+68.5	+9.7	12.47	10.60	11.97
Men's Work Clothing Manufacturing	13	1,220	+9.2	-6.1	11,157	-3.3	-6.9	9.15	10.32	9.22
Women's Clothing Manufacturing	7	107	-31.8	-41.2	1,044	-28.4	-50.0	9.76	9.29	11.46
Other Clothing and Textile Manufacturing	9	284	-10.1	-8.7	3,463	-23.0	-25.8	12.19	14.23	15.01
COTTON	31	2,240	+19.3	-7.7	34,602	+25.0	+1.2	15.45	14.74	14.09
Cotton Compresses	5	1,200	+34.5	-2.6	20,459	+31.0	+9.0	17.05	17.51	15.24
Cotton Oil Mills	26	1,040	+5.6	-12.9	14,143	+17.4	-8.2	13.60	12.23	12.91
DISTRIBUTION	551	17,034	+9.2	+10.3	361,895	+11.8	+7.0	21.25	20.75	21.91
Retail Trade	341	12,023	+7.5	+14.9	230,692	+8.9	+10.3	19.19	18.94	19.98
Wholesale Trade	210	5,011	+13.5	+0.8	131,203	+17.4	+1.6	26.18	25.31	25.97
FOOD PRODUCTS	99	6,981	+8.8	0.0	144,650	+16.0	+0.9	20.72	19.43	20.54
Bakeries	21	797	+19.8	+3.4	15,307	+23.7	-1.7	19.21	18.61	20.20
Beverages	16	309	+10.4	-11.7	7,438	+19.0	-3.3	24.07	22.32	21.97
Confectioneries	8	260	+3.2	+4.4	3,841	-0.2	+13.6	14.77	15.28	13.58
Flour Mills	7	537	+8.0	+0.9	11,407	+28.8	-1.9	21.24	17.82	21.86
Ice Cream Factories	5	230	-0.4	-4.6	4,677	-3.2	-10.2	20.33	20.92	21.61
Meat Packing, Slaughtering	9	3,509	+3.6	-1.1	81,223	+13.0	+1.4	23.15	21.22	22.58
All Other Food Products	33	1,339	+21.2	+3.6	20,757	+24.9	+4.7	15.50	15.04	15.34
FOREST PRODUCTS	23	967	+2.1	-0.4	16,994	+18.3	+1.8	17.57	15.16	17.19
FURNITURE MANUFACTURING	7	480	+21.2	-1.6	9,025	+37.2	-3.5	18.80	16.61	19.17
PETROLEUM	54	21,644	+2.3	-0.4	641,978	+8.5	-1.2	29.66	27.97	29.89
Crude Petroleum Producing	21	4,110	+4.2	-2.0	139,749	+6.3	0.0	34.00	33.33	33.35
Petroleum Refining	33	17,534	+1.9	-0.1	502,229	+9.1	-1.5	28.64	26.74	29.06
PRINTING AND PUBLISHING	60	1,694	+5.0	+2.4	57,934	+11.5	+9.0	34.20	32.20	32.13
Commercial Printing	32	465	+5.7	-2.3	11,615	+8.3	+0.7	24.98	24.37	24.23
Engraving	8	62	-18.4	+3.3	2,867	-5.8	+6.8	46.24	40.07	44.75
Newspaper Publishing	20	1,167	+6.4	+4.3	43,452	+13.8	+11.6	37.23	34.80	34.81
PUBLIC UTILITIES	384	13,592	+11.0	+0.7	358,307	+10.8	+2.7	26.36	26.40	25.84
Power and Light	293	7,085	+8.3	+0.1	195,747	+6.5	+3.0	27.63	28.08	26.83
Steam Railroad Car Shops	21	3,038	+15.4	+1.3	82,135	+20.0	+0.7	27.04	26.00	27.19
All Other Public Utilities	70	3,469	+13.0	+1.5	80,425	+13.1	+4.1	23.18	23.17	22.60
QUARRYING & NON-METALLIC MINING	15	537	-13.5	-7.6	12,416	-20.8	-9.1	23.12	25.24	23.52
SERVICE	151	4,967	+6.7	-3.0	73,656	+14.0	-4.5	14.83	13.87	15.06
Business and Personal Service	30	466	+11.8	-10.7	10,400	+11.2	-5.3	22.32	22.43	21.03
Hotels	31	2,676	+15.5	-1.0	33,748	+21.9	-1.7	12.61	11.95	12.70
Ice	65	751	-14.8	-7.9	14,805	+7.1	-13.7	19.71	15.68	21.04
Laundries, Dyeing and Cleaning	25	1,074	+3.0	-0.6	14,703	+6.9	+0.2	13.69	13.19	13.58
ALL OTHER INDUSTRIES	96	4,334	+16.4	+9.8	108,871	+25.7	+25.3	25.12	23.25	22.02

†Chemical and Allied Industries not elsewhere classified.

NOTE: Prepared from reports from Texas industrial establishments to the Bureau of Business Research, cooperating with the United States Bureau of Labor Statistics.